

## FULL YEAR RESULTS

Sydney – 26 August 2024 – MPower Group Limited (ASX: MPR)

**MPower Group Limited**  
ABN 73 009 485 625

Phone +61 2 8788 4600

Level 4, 15 Bourke Road  
Mascot NSW 2020  
Australia

The 2024 Annual Report provides an opportunity to reflect on MPower's key achievements in the last 12 months, whilst also recognising the challenges the Company and the renewable energy sector as a whole faces as it navigates through a bumpy energy transition.

The Company's milestones are evidenced by the progress made on multiple fronts to advance a portfolio of clean energy assets by taking advantage of the inherent opportunities within existing distribution networks.

The successful delivery of the Narromine project, the continuing operation of the Lakeland project and the refinement of the Group's portfolio of development assets are examples of where MPower's achievements during the year. Before detailing those achievements, it is timely to consider the business's broader operating environment.

### The Opportunity

MPower benefits immensely from its long track record of having successfully delivered mission-critical and complex power projects in both renewable and conventional technologies, spanning Australia and the wider geographic region.

In recent times, MPower has focussed on exempt small-scale solar and battery projects that connect at the distribution network level. This has been driven by a recognition of the untapped capacity that exists within the distribution networks and the clear advantages that small-scale projects have to make the development and grid connection processes simpler and lower risk. Transmission networks are plagued by delayed infrastructure upgrades and competing project connections which MPower's strategy is able to avoid.

As the energy market slowly adapts to the challenges of the energy transition, there are a number of trends emerging that are influencing MPower's focus and future direction. In particular, the increasing recognition of the role of battery storage, which MPower foresaw early on, is quickly changing energy system dynamics. The ability for battery storage to time-shift energy as well as provide ancillary services to the market is becoming increasingly important in the face of the variability of renewable energy generation.

For some time, MPower's approach has been to design our clean energy projects to accommodate both solar and battery storage through a DC-coupled configuration. The advantage of this is reduced capital expenditure whilst maintaining eligibility to participate in the growing number of revenue streams being offered in the National Electricity Market. The evolution of battery storage as a vital building block of the transition is evidenced by the number of new standalone battery projects being proposed and MPower is eager to utilise its experience, asset base, pipeline and resources to further its activities in this area.

### Narromine Clean Energy Project (NSW)

During the first quarter of the 2023/2024 financial year, MPower successfully completed the purchase of all project rights for the Narromine Clean Energy Project including the Connection Agreement for connection to the grid, land rights and key planning approvals. Total consideration of \$1.4 million was paid for the development rights.

Immediately after acquiring the project rights, MPower commenced the construction phase. Under the terms of a pre-agreed Engineering, Procurement and Construction contract with a value of \$8.5 million to MPower, the project was successfully delivered during the financial year.

In July 2024, MPower announced that revenue had commenced at full capacity at the Narromine Clean Energy Project following the successful commissioning and connection of the project to enable participation in the National Electricity Market.

The start of commercial operations marks a key milestone for the Narromine project and is the first project that MPower has owned, constructed and commissioned as part of its Build Own Operate strategy.

The Narromine project is now generating and exporting clean energy at full capacity into the National Electricity Market. A merchant market revenue strategy has been adopted, with project revenues determined by the prevailing wholesale spot prices for energy and Large-scale Generation Certificates. MPower continues to assess offers from potential offtake parties to secure the long-term revenues of the project.

The Narromine project is a 6.7MWdc/4.99MWac solar project in central-west New South Wales. The project includes Bifacial PV Modules, Single Axis Tracking and central inverter technology, with the capacity to produce more than 14,000MWh of energy in its first year of operations.

The acquisition of 100% of the rights to the Narromine project was completed in August 2023 and site works commenced in February 2024. The project is funded by AMPYR Energy under a project funding relationship established in March 2023. The funding agreement is structured as a debt facility, with mechanisms to convert to equity in the project linked to the project's offtake strategy.

### Strategic Supply Agreement with Trina Solar

In advance of the construction phase of the Narromine project commencing, MPower signed a Master Supply Agreement (MSA) with Trina Solar, one of the world's leading global suppliers of photovoltaic (PV) solar panels. The MSA provides MPower with a strategic advantage via the long-term procurement of best-in-class components that can be flexibly implemented through specific product attributes that allow for rapid installation.

By setting out advantageous parameters for the long-term supply of key solar components, the agreement allows MPower to navigate pricing uncertainty whilst maintaining flexibility to build out its asset portfolio on a project-by-project basis.

The first deployment of Trina Solar components took place as part of construction works at MPower's Narromine Clean Energy Project.

### Lakeland Solar & Storage Project (QLD)

MPower acquired the Lakeland project in Far North Queensland in August 2022, and immediately took full operational control, including all operations, maintenance, and asset management roles. In doing so, MPower successfully reduced the project's annual operating costs by more than \$1 million while at the same time improving the generator's ongoing reliability, performance and future revenue.

In August 2023, MPower commissioned Leadenhall Valuation Services Pty Limited to undertake an independent external valuation of the Lakeland Solar & Storage Project as part of the purchase price allocation process. The Company relied on this valuation when arriving at an enterprise value of \$12.7 million for Lakeland. The valuation reflected a gain of \$6.1 million on acquisition of the project which was taken through the profit and loss in the prior year.

The year to 30 June 2024 was the first full financial year of ownership for the project and revenues of \$1.7 million and EBITDA of \$1.0 million were recorded. The project benefits from a long-term Power Purchase Agreement (PPA) with Origin Energy for 100% of the project's output, with fixed pricing that escalates annually with inflation. As MPower performs the O&M and asset management roles internally, revenues of \$0.4 million for services provided are eliminated on consolidation and are not shown in the statutory accounts.

Prior to the end of the 2024 financial year, MPower commenced a process to investigate the potential sale of the Lakeland project with the intention of recycling capital for the future expansion of its clean energy portfolio. Since that time, MPower has shifted focus away from a potential sale to alternative ways of leveraging the Lakeland project in combination with other operational and development assets. MPower remains open to all options to maximise the value in the Lakeland asset.

### Development assets

In parallel with the construction of the Narromine project, MPower continues to refine its portfolio of development assets across the eastern states of Australia.

MPower has accelerated plans to add battery storage to the Faraday Renewable Energy Project in Victoria. MPower owns 100% of the development rights for the 6.7MWdc/4.9MWac solar project that already has planning approval for a battery storage facility. The plan to bring forward the battery storage augmentation reflects the growing value that battery storage adds to renewable energy projects

Also in Victoria, during the year MPower terminated an agreement to acquire the Mangalore Renewable Energy Project due to the challenges encountered on that project. No consideration was paid by MPower under the terminated agreement.

In South Australia, MPower has successfully developed two hybrid solar/battery storage projects and is looking to advance those projects through to the next phase in partnership

with others, with the intent that the projects are constructed and benefit from participating in the National Electricity Market.

### Funding facilities

In August 2023, MPower considerably strengthened its balance sheet with a new loan facility and equity position from diversified Australian investment group Oceania Capital Partners Limited (OCP) to replace MPower's previous St George Bank debt facility.

Under the deal with OCP, MPower extinguished in full its \$4.5 million term debt with St George Bank and replaced it with a new \$1.8 million loan from OCP which took a 14.5% equity stake in MPower through the issue of 50 million ordinary shares in consideration for providing the loan facility.

The refinancing lowered the Company's debt profile, reduced ongoing debt service obligations and delivered a one-time financial benefit of \$1.8 million to MPower (after taking a non-cash share-based expense of \$1 million into account).

More recently in August 2024, MPower negotiated new funding arrangements to support the Company's plans. New terms for the OCP loan were agreed, including an extension of the facility to November 2025 and changes to the loan amortisation and interest rate. At the same time, a new \$1.5 million facility was secured from Tag Private and an existing facility from Tag Private was extended. The changes to the Group's funding facilities provide longer term funding to the Group.

### Financial overview

Revenue for the 2024 financial year was \$4.5 million (2023: \$4.4million), including revenue from the Lakeland asset but excluding revenue from the Narromine asset which commenced commercial operation after year end.

It should be noted that reported revenue does not recognise the scale of MPower's project activities during the year because the Narromine project is retained on the balance sheet. Accordingly, revenue of \$7.5 million is not shown in the statutory accounts and has been eliminated on consolidation.

The Group recorded EBITDA of \$1.3 million for the 2024 financial year and an after-tax loss of \$0.7 million. The result includes a net gain of \$1.8 million from the OCP transaction in August 2023.

Statutory cash outflows from operating activities were \$1.6 million for the year, which excludes any cash margin or gains from Narromine intercompany activity during the year which is required to be eliminated on consolidation.

MPower maintains a franking credit balance of \$7.4 million and has substantial revenue and capital tax losses available.



### Management and staff

MPower sincerely thanks its management and staff for their continued energy, commitment and support as the Company develops. MPower benefits from a quality team of professionals with hands-on experience in the renewable energy technologies.

### Looking ahead

Australia's energy transition is pushing ahead and is likely to be slower and more volatile than many had hoped. With that transition comes enormous opportunities for experienced, technically competent and multi-faceted organisations.

While it is clear that MPower has a valuable role to play in the transition, the dynamic nature of the market and the rapid changes in technology require MPower to continually reassess where to play and how best to extract value. Historically, this has been in the successful delivery of projects and more recently the optimisation of underperforming projects.

One frustration has been the challenges in achieving scale and attracting larger capital partnerships to accelerate and scale-up MPower's activities. Moving forward, MPower's focus will be in areas of expected growth that are best matched to the Company's unique proposition that also meet the investment criteria and mandates of capital providers that are eager to increase their involvement in the clean energy rollout.

### Ends

#### Contact

For further information, please contact:

Nathan Wise  
Chief Executive Officer  
(02) 8788 4600

This announcement has been authorised by the board of MPower Group Limited.

#### About MPower

MPower Group Limited (ASX: MPR) is a technology-led company with a long history specialising in the delivery of reliable on-grid and off-grid power solutions for blue chip corporate and government customers. Headquartered in Sydney, MPower's team of professionals has successfully delivered turn-key solar, battery storage and micro grid projects across the region.

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